

## **Ormat CCEZ Expansion Request**

Late January, the CCEZ Manager received a request from Ernst and Young on behalf of their client, Ormat Technologies, Inc. to have the CCEZ expand to include both the Heber 2 Plant (947 Dogwood Rd.) and the Ormesa Plant (3300 East Evan Hewes Hwy).

On May 20, 2010 the CCEZ JPA approved the expansion request and directed the CCEZ Manager and Staff to proceed with the application and submit it to the state of California. A resolution of support from each governing jurisdiction is required as per the expansion application guidelines.

Based upon the following information, it is of the CCEZ Manager's opinion that Ormat does meet both the state and CCEZ JPA requirements for expansion.

1. Name and description of the Business:

- Ormat Technologies, Inc.
- Ormat is a world leader in the geothermal power sector. The company has more than four decades of experience in the development of state of the art, environmentally sound power solutions, primary in geothermal and recovered generation. Ormat is a vertically integrated company whose primary business is to develop, build, own and operate geothermal and recovered energy generation power plants utilizing in-house designed and maintained equipment.

2. Location of Business:

3300 East Evan Hewes Hwy, Holtville, CA 92251 - APN 056-010-012-000  
855 & 947 Dogwood Road, Heber, CA 92249 - APN 054-250-031-000

3. Total Acreage requested: 112 acres

4. Jobs & Salaries:

"Ormat's expansion plans are generally based upon the rate of return of a facility. Due to the amount of sales tax credits likely to be generated due to Ormat's capital intensive business, this will allow the company to continue to expand the Calexico facilities. As part of this expansion, the company would expect to hire mainly operations personnel. These employees are engaged in the day to day operations of the plant and on average earn approximately \$50,000 per year. Such positions would include:

"Plant Engineers: This position is responsible for plant efficiency/performance monitoring and improvements, development and implementation of MM&CAPEX projects, revenue improvement/cost reduction/net operating income enhancement, site technical lead.

"Control Room Operators: The Control Room Operator (CRO) is responsible for monitoring all plant systems and plant equipment on a continuous base. The CRO responds to alarms and out of specification parameters by taking appropriate corrective action. The CRO assures that the plant meets its generation requirements while operating in a safe and efficient manner in accordance with all operating guidelines and permits.

"Plant Operator: The primary responsibility of a Plant Operator is to ensure the operation of the Power Plant is safely and efficiently carried out in accordance with Plant Operating Procedures.

"Of course, the community will not only benefit from Ormat employed individuals. The company's expansion plans would require various local businesses to assist in the build-out. This will lead to an expanded revenue base and employment at other Calexico businesses.

"The types of jobs to be retained would be similar to the new jobs generated discussed above."

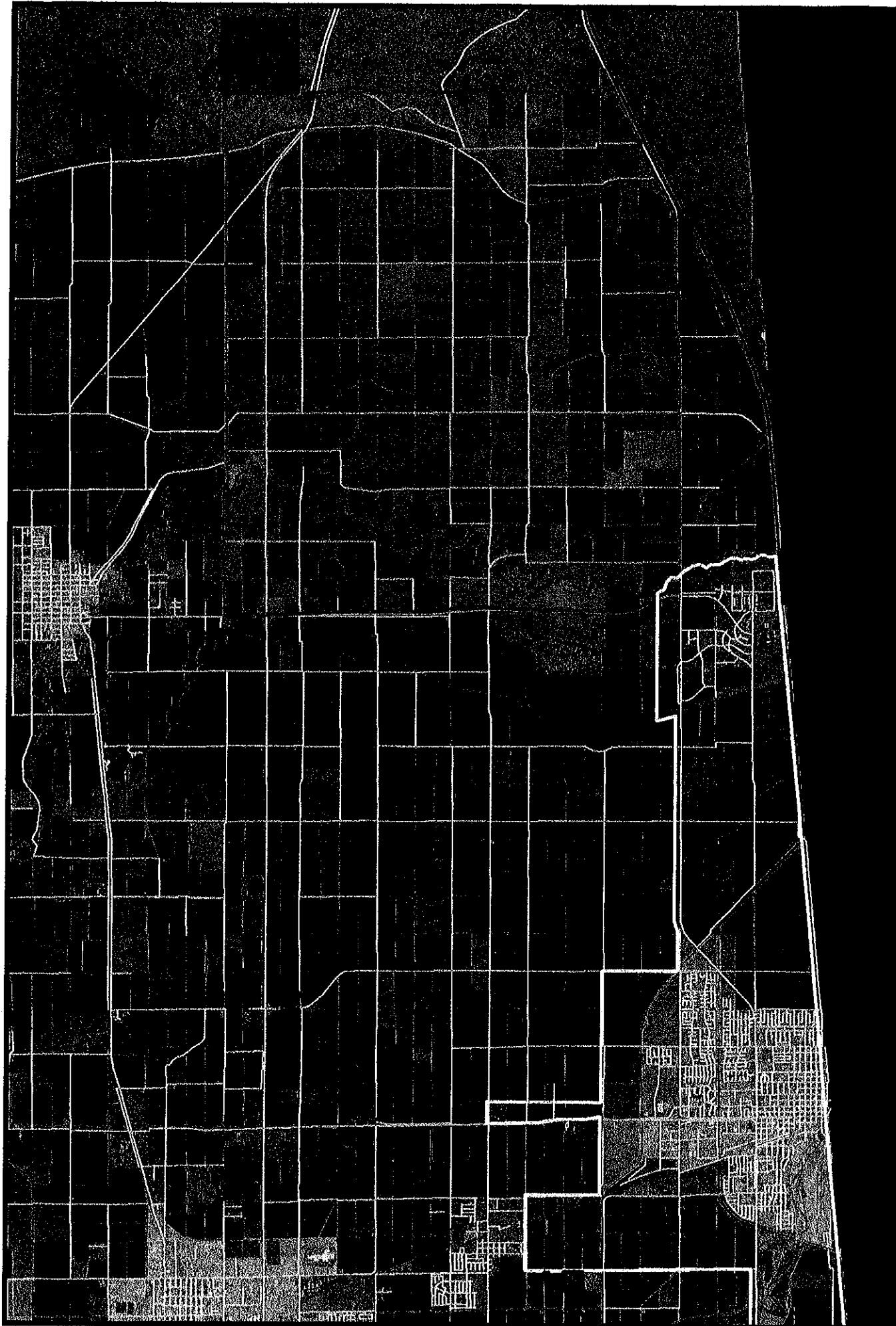
5. Financial Impact of being in an EZ:

- \$400,000 - \$500,000 annual credit from Sales & Use Tax
- \$75,000 - \$125,000 annual credit from Hiring Credits
- Savings allows to hire an additional 10 employees

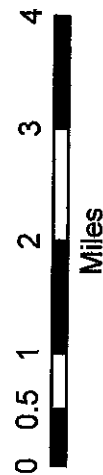
6. EZ affect on hiring decisions:

The letter states that the EZ credits would allow for additional capital expenditures locally and the hiring of additional employees

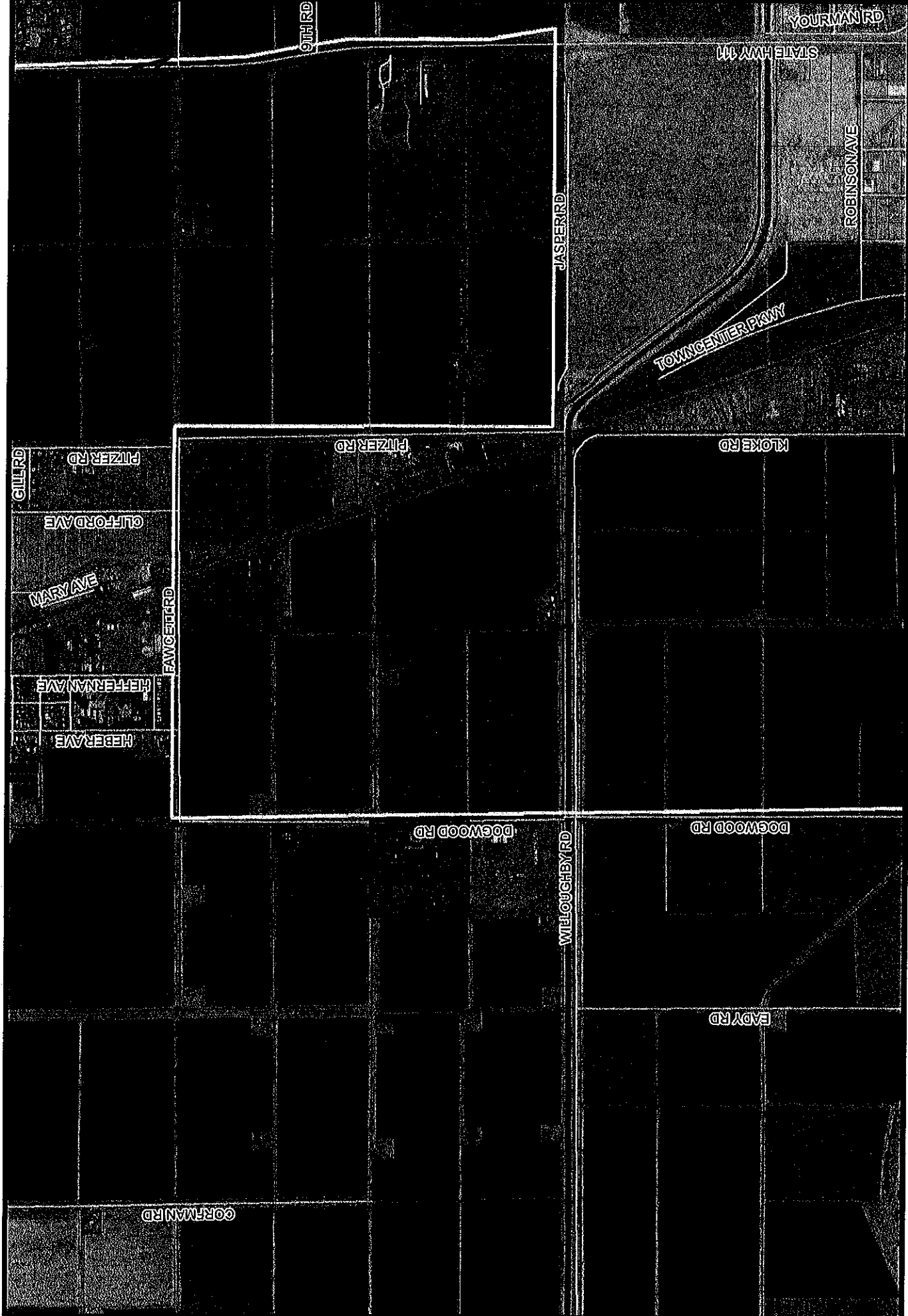
**Staff Recommendation:** To approved the requested expansion confirming the JPA's action on May 20, 2010.



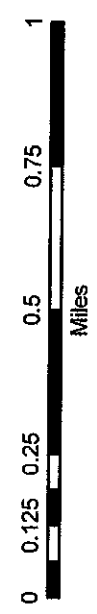
**Calexico-County Enterprise Zone  
Expansion #1 - Ormat  
June 29, 2010  
Map #1**



Expansion Area  
Enterprise Zones  
Excluded Area

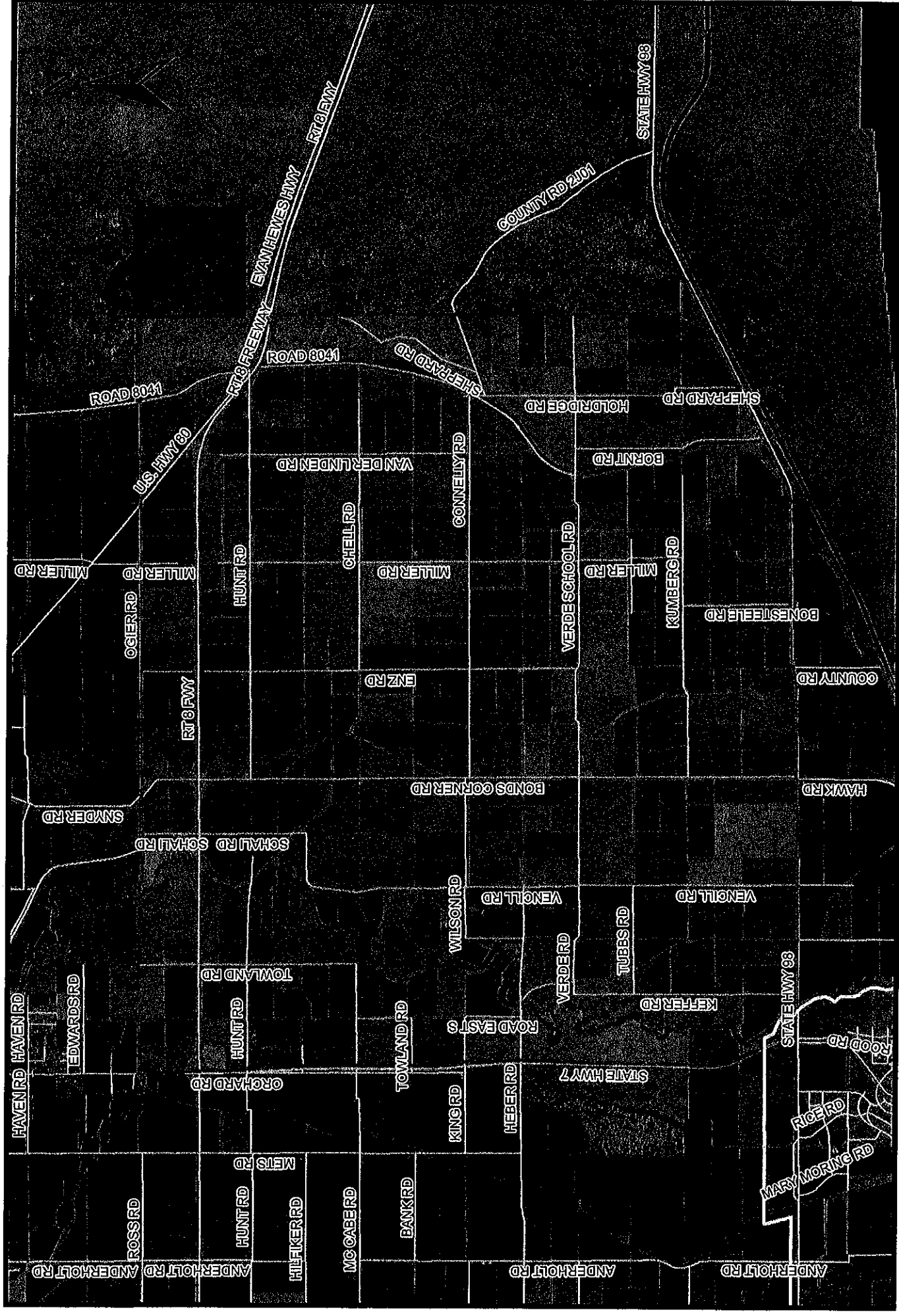


Calexico County Enterprise Zone  
Expansion #1 - Ormat  
June 29, 2010  
Map #2-A



Expansion Area      Roads      City of Calexico

Enterprise Zones



Calexico-County Enterprise Zone  
Expansion #1 - Ormat  
June 29, 2010  
Map #2-B

